

D.P.U. 94-5A

Application of Fitchburg Gas and Electric Light Company:

(1) under the provisions of G.L. c. 164, § 94G and the Company's tariff, M.D.P.U. 199, for approval by the Department of a change in the quarterly fuel charge to be billed to the Company's customers pursuant to meter readings in the billing months February, March, and April 1994;

(2) for approval by the Department of rates to be paid to Qualifying Facilities for purchases of power pursuant to 220 C.M.R. 8.00. The rules established in 220 C.M.R. 8.00 set forth the filings to be made by electric utilities with the Department, and implement the intent of sections 201 and 210 of the Public Utilities Regulatory Policies Act of 1978; and

(3) under the provisions of G.L. c. 164, § 94G for approval by the Department of the actual unit by unit and system performance of the Company with respect to each target set forth in the Company's approved performance program.

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-and-

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FOR: FITCHBURG GAS AND ELECTRIC  
LIGHT COMPANY  
Petitioner

I. INTRODUCTION

On January 6, 1994, pursuant to G.L. c. 164, § 94G and 220 C.M.R. §§ 8.00 et seq., Fitchburg Gas and Electric Light Company ("Fitchburg" or "Company") notified the Department of Public Utilities ("Department") of the Company's intent to file a quarterly change to its fuel charge in conformance with its tariff, M.D.P.U. 199, and to its Qualifying Facility ("QF") power purchase rates in conformance with its tariff, M.D.P.U. 25. The Company requested that both of these changes be effective for bills issued pursuant to meter readings for the billing months of February, March, and April 1994. In addition, on January 21, 1994, the Company filed its actual performance results relating to fuel procurement and use. Pursuant to G.L. c. 164, § 94G, the proceeding was continued in order to investigate performance variances from the goals established for the Company's generating units for the twelve-month period February 1993 through January 1994. These matters were docketed as D.P.U. 94-5A.

Also included with the Company's January 21, 1994 filing were proposed conservation charges ("CCs") for conservation and load management ("C&LM") programs offered to commercial and industrial ("C&I") customers covering the period February 1, 1994 through January 31, 1995<sup>1</sup>. The Department will issue a separate

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<sup>1</sup> The Company submitted proposed CC charges with its first fuel charge filed in 1993, Fitchburg Gas and Electric Light Company, D.P.U. 93-5A. In that proceeding, the Department found that the Company's Integrated Resource Management

order on the CC.

Pursuant to notice duly issued, a public hearing on the Company's application was held on January 28, 1994, at the Department's offices in Boston. Notice of the hearing was published by the Company in the Fitchburg-Leominster Sentinel and the Worcester Telegram. The Company also complied with the requirement to mail a copy of the notice of the hearing to the Chairman of the Board of Selectmen and the Town Clerks of the towns of Lunenburg, Ashby, and Townsend, and the Mayor and City Clerk of the City of Fitchburg, to all persons with whom the Company has special retail contracts that do not incorporate a filed rate, and to all intervenors and their respective counsel from the Company's prior two fuel charge proceedings. The Department received no petitions to intervene.

At the hearing, the Company sponsored one witness: David W. Lavoie, contracts supervisor for UNITIL Service Corporation ("UNITIL").<sup>2</sup> The evidentiary record consists of three exhibits

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("IRM") proceeding, D.P.U. 92-181, was the appropriate forum to review and rule on the Company's C&LM planning decisions. D.P.U. 93-5A at 8 (1993). The Department directed the Company to retain its current CC rates pending the outcome of the Company's IRM proceeding. Id.

In December 1993, the Department directed the Company to continue its existing C&LM programs and to submit a CC filing for the C&I sectors based on programs proposed in the Company's IRM Phase III Resource Plan. Fitchburg Gas and Electric Light Company D.P.U. 92-181 (Phase III), December 31, 1993 Letter from the Commission at 2.

<sup>2</sup> UNITIL, an affiliate of Fitchburg, provides management services to Fitchburg, including the development of the Company's electric fuel charge.

submitted by the Company and two responses to record requests.

The Company owns and operates one generating unit, Fitchburg Unit No. 7, a gas turbine of approximately 28 megawatts ("MW"), and receives power under various arrangements from units operated by others. The arrangements include entitlements to 20 MW of the New Haven Harbor unit in Connecticut, which is operated by United Illuminating Company; and one MW of the Wyman 4 unit, operated by the Central Maine Power Company. Fitchburg serves approximately 24,000 customers; in 1992, the Company reported revenues from retail sales of electricity of \$38,897,920, as found in its 1992 Annual Report to the Department.

## II. FUEL CHARGE

On January 21, 1994, the Company filed with the Department its proposed changes to its fuel charge and QF power purchase rates for February, March, and April 1994. For these billing months, the Company proposes a fuel charge of \$0.04214 per kilowatthour ("KWH"). The proposed fuel charge is \$0.00101 per KWH less than the fuel charge of \$0.04315 per KWH approved by the Department in Fitchburg Gas and Electric Light Company

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<sup>3</sup> The Department noted at the January 28, 1994 hearing that it was not necessary for the Company to respond to the second record request before issuance of the Order in this proceeding (Tr. at 45, 59-60). The response to the second record request will address the economic analysis underlying the Company's decision to dismantle and return to the lessor at the end of the lease period a gas compressor for its generating unit, Fitchburg Unit No. 7 id. at 44). The Department will consider the Company's response to the second record request in conjunction with its consideration of the Company's next fuel charge filing id. at 45, 59-60).

D.P.U. 93-5D (1993) for meter readings for the billing months of November and December 1993, and January 1994.

The Company's witness testified that the proposed decrease in the fuel charge resulted from a forecasted decrease in expenses while total sales are expected to increase (Exh. FGE-1, at 2). He testified that the projected decrease in expenses, compared to those of the November, December 1993 and January 1994 quarter, is due primarily to lower projected oil prices (Tr. at 13). The Company's witness stated that the expected increase in sales of 1.9 percent is due primarily to seasonally higher demand (Exh. FGE-1 at 2-3). In addition, the Company's witness testified that there was an overrecovery from the November, December 1993 and January 1994 quarter (Tr. at 13). The Company's witness explained that the anticipated changes in sales and expenses results in a 2.3 percent decrease in the fuel charge (Exh. FGE-1 at 2; Tr. at 13).

### III. QUALIFYING FACILITIES

Pursuant to the Department's rules, 220 C.M.R. §§ 8.00et seq., rates to be paid to QFs for short-run power purchases are set with the same frequency as the fuel charge. A QF is a small power producer or cogenerator that meets the criteria established by the Federal Energy Regulatory Commission in 18 C.F.R. § 292.203(a) and adopted by the Department in 220 C.M.R. § 8.02.

Pursuant to the governing regulations, the Company is required to calculate short-run energy purchase rates on a

time-of-supply basis for two rating periods: peak and off-peak. In addition, the Company is required to calculate a non-time-differentiated rate,i.e., a total period rate, which is a weighted average of the time-of-supply rates, where the weighting is a function of the number of hours in each rating period. See 220 C.M.R. § 8.04(4)(b).

The Company proposed the following standard rates to be paid to QFs during February, March, and April 1994:

Energy Rates By Voltage Level (\$/MWH)

<u>Voltage Level</u>	<u>Peak</u>	<u>Off-Peak</u>	<u>Total</u>
NEPOOL Trans.	29.30	19.96	24.16
Fitchburg 69 KV	29.39	20.02	24.23
13.8 KV Subtrans.	29.66	20.20	24.46
Primary	31.70	20.79	25.67
Secondary	32.01	21.16	26.02

Short-Run Capacity Rates (\$/KWH)

<u>Voltage Level</u>	
NEPOOL Trans.	23.15
Fitchburg 69 KV	23.23
13.8 KV Subtrans.	23.44
Primary	25.05
Secondary	25.29

#### IV. FINDINGS

Based on the foregoing, the Department finds:

1. that the fuel charge to be applied to Company bills issued pursuant to meter readings for the billing months of February, March, and April 1994, shall be \$0.04214 per KWH. (The calculation of the fuel charge is shown in Table 1 attached to this order.)

2. that the qualifying facility power purchase rates for

February, March, and April 1994, shall be the rates set forth in Section III above.<sup>4</sup>

V. ORDER

Accordingly, after due notice, hearing and consideration, it is

ORDERED: That Fitchburg Gas and Electric Light Company is authorized to put into effect a quarterly fuel charge of \$0.04214 per kilowatthour as set forth in Section IV, Finding 1 of this Order for bills issued pursuant to meter readings for the billing months of February, March, and April 1994, subject to refund; and it is

FURTHER ORDERED That the fuel charge approved herein shall apply to kilowatthours sold to the Company's customers subject to the jurisdiction of the Department and shall be itemized separately on all such customers' electric bills; and it is

FURTHER ORDERED That the Company's Qualifying Facility power purchase rates for the billing months of February, March, and April 1994, shall be those set forth in the Table on page five of this Order; and it is

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<sup>4</sup> The Department will accept the revised Schedule C, page 2 of 5, and explanations provided in response to record requests in the current proceeding. However, in the Company's next fuel charge proceeding, the Department directs the Company to provide more detailed information supporting all KWH loads and expenses presented in Schedule C, page 2 of 5, rows A and B.

FURTHER ORDERED That the Company, in all future fuel charge proceedings, shall notify all intervenors and their respective counsel from the Company's prior two fuel charge proceedings that it is proposing an adjustment to its fuel charge, and shall also notify these persons of the date scheduled for the hearing on the proposed fuel charge at least ten days in advance of the hearing; and it is

FURTHER ORDERED That the Company, in all future fuel charge proceedings, shall provide all intervenors and their respective counsel from the prior two fuel charge proceedings with a copy of its fuel charge filing, in hand or by facsimile, on the same day it is filed with the Department; and it is

FURTHER ORDERED That, pursuant to G.L. c. 164, § 94G (a) and (b), fuel costs allowed by this Order are subject to such disallowance as the Department may determine in any subsequent investigation of the Company's performance period that includes the quarter applicable to the present charges.

By Order of the Department,